

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-01557A
Lake Verde Water Company
P.O. Box 2777
Camp Verde AZ 86322

RECEIVED

MAR 24 2008

ARIZONA CORPORATION
DIRECTOR UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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FOR COMMISSION USE

Ann	
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3-24-08

COMPANY INFORMATION

Company Name (Business Name) <u>Lake Verde Water Company, Inc.</u>		
Mailing Address <u>P.O. Box 2777</u>		
<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>vancherrycreek@earthlink.net</u>		
Local Office Mailing Address <u>P.O. Box 2777</u>		
<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>vancherrycreek@earthlink.net</u>		

MANAGEMENT INFORMATION

Management Contact: <u>Van McDonald</u>		<u>President</u>	
<u>143 Walker</u> (Street)	<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>vancherrycreek@earthlink.net</u>			
On Site Manager: <u>Van McDonald (Camp Verde)</u>			
<u>P.O. Box 2777</u> (Street)	<u>Camp Verde</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1095</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address <u>vancherrycreek@earthlink.net</u>			

Statutory Agent: Van McDonald			
143 Walker	(Name) Camp Verde	AZ	86322
(Street) 928-567-9141	(City) 928-567-4387	(State) 928-821-1095	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: Fennemore Craig (Jay Shapiro ESQ)			
3003 N. Central Ave., Suite 2600	(Name) Phoenix	AZ	85022
(Street) 602-916-5000	(City) 602-916-5999	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME LAKE VERVE WATSON CO, INC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	7,590	7,590	— 0 —
302	Franchises			
303	Land and Land Rights	10,000		10,000
304	Structures and Improvements			
307	Wells and Springs	5016	1346	3670
311	Pumping Equipment	13,298	3,615	9683
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	19,032	5,013	14,019
333	Services			
334	Meters and Meter Installations	955	912	43
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	380	306	74
341	Transportation Equipment	1925	1925	— 0 —
343	Tools, Shop and Garage Equipment	1884	1494	400
344	Laboratory Equipment			
345	Power Operated Equipment	1263	1263	— 0 —
346	Communication Equipment	461	461	— 0 —
347	Miscellaneous Equipment	312	312	— 0 —
348	Other Tangible Plant			
	TOTALS	62,126	24,237	37,889

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME LAKE VERDE WATER CO., INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	7550	54	4098.6
302	Franchises			
303	Land and Land Rights	10,000		
304	Structures and Improvements			
307	Wells and Springs	5016	.05	251
311	Pumping Equipment	13298	.05	665
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	19,032	"	951.6
333	Services			
334	Meters and Meter Installations	955	"	47.75
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	380		64
341	Transportation Equipment	1825		385
343	Tools, Shop and Garage Equipment	1894		271
344	Laboratory Equipment			
345	Power Operated Equipment	1263		
346	Communication Equipment	461		
347	Miscellaneous Equipment	312		
348	Other Tangible Plant			
	TOTALS	62,126		6014

This amount goes on Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME LAKE VERDE WATSON CO. INC

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 312	\$ 266
134	Working Funds		
135	Temporary Cash Investments	1288	1288
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	4160	4160
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	47,810	47,810
	TOTAL CURRENT AND ACCRUED ASSETS	\$	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$ 60,090	\$ 60,090
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant		2636
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 60,090	\$ 63,726
	TOTAL ASSETS	\$ 107,800	\$ 111,536

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME LAKE VERDE WATER CO, INC.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion) <u>CASH LOANS</u>	<u>2769</u>	<u>21,688</u>
234	Notes/Accounts Payable to Associated Companies	<u>6450</u>	<u>8600</u>
235	Customer Deposits		
236	Accrued Taxes	<u>2300</u>	<u>3300</u>
237	Accrued Interest	<u>917</u>	<u>2169</u>
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 12,386	\$ 35,757
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 24,772	\$ 35,757
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ <u>30,000</u>	\$ <u>30,000</u>
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		<u><10985></u>
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 30,000	\$ 30,000
	TOTAL LIABILITIES AND CAPITAL	\$ 114,772	\$ 114,757

COMPANY NAME LAKE VERDE WATER CO. INC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 14,875	\$ 13,120
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 14,875	\$ 13,120
	OPERATING EXPENSES		
601	Salaries and Wages (10 hrs)	\$	\$ 16,240
610	Purchased Water		
615	Purchased Power	1499	1633
618	Chemicals	1230	660
620	Repairs and Maintenance	3896	5311
621	Office Supplies and Expense	3160	170
630	Outside Services	2466	3131
635	Water Testing	1230	1512
641	Rents		
650	Transportation Expenses	9671	10,970
657	Insurance – General Liability	2133	2680
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1469	1735
403	Depreciation Expense	5286	6014
408	Taxes Other Than Income	2130	690
408.11	Property Taxes	1260	1570
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 62,971	\$ 64,842
	OPERATING INCOME/(LOSS)	\$ <48,096>	\$ <51,722>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ <48,096>	\$ <51,722>

COMPANY NAME LAKE VERDE WATER CO. INC

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	2004	2004	2005	2005
Source of Loan	V. WCD	K. S. KODI		
ACC Decision No.				
Reason for Loan	OP. EXP	OP. EXP	OP. EXP	OP. EXP.
Dollar Amount Issued	\$ 6,400 ⁰⁰	\$ 2,768 ⁷⁴	\$ 12,646	\$ 16,240
Amount Outstanding	\$ 6,400 ⁰⁰	\$ 2,768 ⁷⁴	\$ 12,646	\$ 16,240
Date of Maturity				
Interest Rate	10 1/2	10 1/2	10 1/2	
Current Year Interest	\$ 640	\$ 277	\$	\$ 1624
Current Year Principle	\$ 6,400	\$ 2,768 ⁷⁴	\$ 12,646	\$ 16,240

Meter Deposit Balance at Test Year End

\$ — 0 —

Meter Deposits Refunded During the Test Year

\$ — 0 —

COMPANY NAME LAKE VEDOT WATER CO. INC.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
643828	2	22		8	1.5"	

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
5000	1	2000	2

COMPANY NAME Lake Verde Water Company, Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	GALU	680
3	GALU	240
4	GALU	4300
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	63
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

NONE

OTHER:

2 Wells, 2 Hydropneumatic tanks

2 Sets Elect Control Apparatus

COMPANY NAME: LAKE VERMONT WATER CO, INC

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY			
FEBRUARY			
MARCH			
APRIL			
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER	41	4,000,676	4,068
TOTAL		N/A	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.017± mg/l
(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Lake Verde Water Company, Inc. YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 924.00 t

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. PAID APPROX 3300⁰⁰ IN PROP
TAXES WITH CASHIERS ✓. WHEN I PAID IT
I WILL SEND COPIES
J Van

COMPANY NAME LK VEEDER WASTAL Co, INC. YEAR ENDING 12/31/2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 200~~5~~ was: \$ — 0 —

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. PAID IN 2006 \$ 3750⁰⁰ +

COMPANY NAME LAKE VERDE WATER CO. INC. YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported

Estimated or Actual Federal Tax Liability

— 0 —

State Taxable Income Reported

Estimated or Actual State Tax Liability

— 0 —

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances

Amount of Gross-Up Tax Collected

Total Grossed-Up Contributions/Advances

— 0 —

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

20 March '08
DATE

VANCE L. MCDOWALL
PRINTED NAME

PRES.
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
MAR 24 2008
ARIZONA CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>YAVAPAI</u>
NAME (OWNER OR OFFICIAL) TITLE <u>VALE L. McDONALD</u>
COMPANY NAME <u>LAKE VIEW WATER CO. INC.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	200 <u>5</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 13,120

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ — 0 —

IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Vale L. McDonald
SIGNATURE OF OWNER OR OFFICIAL
928-567-9141
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 20TH DAY OF

(SEAL)

MY COMMISSION EXPIRES 2/26/2010

COUNTY NAME	<u>YAVAPAI</u>
MONTH	<u>MARCH</u> 200 <u>8</u>
<u>Maureen M. Stadelman</u> SIGNATURE OF NOTARY PUBLIC Notary Public - Arizona Yavapai County Commission #72638 My Commission Expires March 26, 2010	